

(b) the reasons therefor; and

(c) the measures taken by the Government to solve the problem?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) At present the posts of Chairman and Managing Director, Export-Import Bank of India and Chairman and Managing Director, United India Insurance Company Limited are lying vacant.

(b) and (c) Action has already been initiated for filling up these posts.

#### RRB, Rajasthan

534. SHRI MAHENDRA SINGH BHATI: Will the Minister of FINANCE be pleased to state:

(a) the number of location of the Regional Rural Banks (RRBs) functioning in Rajasthan;

(b) the main objectives of these banks and the extent to which these objectives have been achieved during 1995-96, 1996-97;

(c) whether some of these banks are facing financial crisis;

(d) if so, the reasons therefor; and

(e) the measures taken by the Government to improve the performance of the above banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) There are fourteen (14) Regional Rural Banks (RRBs) operating in Rajasthan with their headquarters located at Jaipur, Pali, Sikar, Churu, Bharatpur, Sawai Madhopur, Kota, Udaipur, Jodhpur, Bundi, Bhilwara, Dungarpur, Sriganganagar and Bikaner.

(b) The main objectives of the RRBs are to take the banking services to the door steps of rural masses particularly in hitherto unbanked areas, to make available institutional credit to the weaker sections of the society, to mobilise rural savings and channelise them for supporting productive activities in the rural areas, to create supplementary channel for flow of credit from the central money market to the rural areas through refinance, to generate employment opportunities in rural areas and to bring down the cost of purveying credit in rural areas.

The details of deposits mobilised, loans disbursed and loans outstanding of RRBs in Rajasthan are given below:-

(Rs. in crores)

Year	Deposits	Loans disbursed	Loans outstanding
1993-94	555.01	68.06	226.85
1994-95	697.66	106.72	279.09
1995-96	888.98	155.76	350.30

(latest available)

(c) to (e) The financial position of the RRBs is weak and the reasons for losses include, inter-alia, limited area of operation, low business potential, the then prevailing administered interest regime, high staff costs, low productivity and poor recovery performance.

As a part of revamping RRBs during the last three years, five (5) RRBs in Rajasthan have been provided recapitalisation support by the Government to an extent of Rs. 26.72 crores (representing Government of India share of 50%) for cleansing of their balance sheets. Other steps taken to strengthen RRBs include, inter-alia, widening the range and scope of services, relocation of loss making branches of better locations, preparation of bank specific development action plans and finalisation of Memoranda of Understanding (MOUs), accessibility to profitable avenues of investment, application of prudential accounting and provisioning norms and total deregulation of interest rates w.e.f. 26.08.1996. Further, with a view to impart viability to lending operations of RRBs and to bring about uniformity in approach on lending alongwith Commercial Banks, Reserve Bank of India (RBI) have recently stipulated that, beginning from 1st April, 1997, the advances of RRBs to priority sector should constitute 40% of their outstanding advances as in the case of Commercial Banks.

#### Foreign Funds for Core Sector

535. SHRI T. GOPAL KRISHNA: Will the Minister of COMMERCE be pleased to state:

(a) whether the Government plays an active role to woo foreign funds for the core sectors;

(b) if so, the action taken by the Government in this regard during the last one year; and

(c) the other steps taken to promote investment and trade flows?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH): (a) Yes, Sir. Government have taken several measures to encourage trade's investment in the core sector.

(b) The action taken in this regard by the Government are:

(i) Automatic approval upto 51% of foreign equity in high priority industries.

(ii) Automatic approval upto 50% foreign equity in 3 categories of industries/items relating to mining activities.

(iii) 74% of foreign equity in 9 categories of industries/items.

(iv) Substantial flexibility has been given to Indian corporates in the matter of accessing the global market through Global Depository Receipts (GDR)/foreign currency convertible bonds (FCCB).

(v) Fils have also been permitted to invest in unlisted companies with a view to attracting such investments in infrastructure sector.

(c) To promote trade and Investments joint trade committee meetings are held on regular basis and issues of bilateral interests are discussed to facilitate trade and investment. Export Promotion Councils are encouraged to participate regularly in exhibitions/fairs etc. They also organise buyer-sellers' meets. EXIM Policy is also suitably modified with focus on export growth.

[Translation]

#### **Agricultural Export**

536. SHRI VIRENDRA KUMAR SINGH: Will the Minister of COMMERCE be pleased to state:

(a) the details of schemes for the promotion of agricultural export under the export import policy;

(b) whether the number of farmers amongst the exporters are negligible;

(c) if so, the details thereof;

(d) whether there is any proposal to attract the interest of farmer in export; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH): (a) A number of policy changes have been introduced to make agricultural exports more viable. Lowering of import duties on capital goods particularly for greenhouse equipment and plant and machinery necessary for food processing industries has favoured agricultural exports. Most of the restrictions on agricultural exports have been removed. Only two items in the category of agricultural and food products are in the negative list i.e. beef and tallow. The items on the restricted list have been drastically pruned and very few items now remain subject to either licensing or quantitative ceiling.

The Export Policy is constantly being updated and further liberalised. Recent changes introduced include:-

1. Export of sugar has been decanalised.

2. Zero duty in case CIF value is Rs. 5 crores or more for agriculture, acquiculture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture with export obligation of 6 times CIF value of CG on FOB basis or 5 times CIF value of CG on NFE basis with export obligation to be met in 6 years.

3. Permitting 50% of the production to be sold in Domestic Tariff Area.

4. Entitlement of Special Import Licence (SIL):

— 2% additional SIL for export of products manufactured by units registered as SSI provided export of these items is more than 50% of the export during that period.

— 1% additional SIL for export of fruits, vegetables, floriculture and horticulture products provided export of

these items is more than 10% of the export during that period.

— 1% additional SIL for export of products manufactured in the North East provided export of these items is more than 10% of the export during the period.

(b) to (e) No separate data is maintained for the farmers registered as exporters. However, to encourage farmers to participate in the export efforts, the Commodity Boards and the Export Promotion Councils are periodically advised to give wide publicity to the export promotion efforts of the Government.

#### **Poor Performance Over Recovery**

537. SHRI SONTOSH MOHAN DEV:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether the Finance Minister called a review meeting during the month of May, 1997 to tackle with the problems of the past dues, a large chunk of which is owed by the corporates and the businessmen;

(b) whether the Finance Minister has also taken up the issue of Banks' poor performance over recovery of non-performing assets:-

(c) if so, the details of the review meeting; and

(d) whether a memorandum was submitted to Finance Ministry by the Directors attached to the UCO Bank, Central Bank and other banks urging them to intervene in the debt recovery process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) Finance Minister had a meeting on 21.5.97 regarding functioning of Debts Recovery Tribunals (DRTs) and their outstanding issues so that recovery of dues in respect of suits filed by the Banks can be expedited. Performance of individual Banks in recovery of dues was not the subject of this meeting.

(d) No, Sir.

#### **Internal Audit System**

538. SHRI JANG BAHADUR SINGH PATEL: Will the Minister of FINANCE be pleased to state:

(a) the number of times the RBI and the internal auditors of the banks inspected private and public sector banks during the last three years and the outcome of such inspections, bank-wise/branch-wise alongwith findings thereof;

(b) the action taken on the findings of the RBI and the internal auditors; and

(c) the reasons for the bunglings/frauds which continue to take place in the banks in spite of the regular inspections/visits of the banks?